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SUBJECT: USG-FUNDED PROJECT TO STRENGTHEN GUATEMALA'S LABOR
CONFLICT RESOLUTION SYSTEM

11. USG-funded CAFTA-DR labor project "Cumple y Gana" and the Guatemalan Apparel and Textile Industry Commission (VESTEX) signed an agreement March 12 to design and develop an organizational conflict resolution system, which will include two groups of trained mediators specialized in organizational conflicts.

12. Cumple y Gana Guatemala Project Manager Gustavo Campos told poloff that Cumple y Gana has been working with VESTEX for seven years to advance labor rights and improve labor compliance but that this is the first time that they are collaborating on developing a conflict resolution system. VESTEX will provide an estimated 20 percent of the funding, while Cumple y Gana will provide 80 percent. The Ministry of Labor will monitor progress and guarantee implementation of the system.

13. According to Campos, the project, which will conclude in September, aims to strengthen VESTEX's conflict resolution center, which was created in 2004 and currently has 10 trained mediators. An additional 23 persons, primarily human resource managers, will be trained in conflict resolution over the next six months to serve as in-house mediators in ten VESTEX factories. According to VESTEX Labor Commission Director Marco Rosales, the objective is to prevent labor conflicts by establishing a process for mediation between management and workers at the factory level.

14. Since 2004, the USG-funded Cumple y Gana project in Guatemala has been focused on building institutional capacity, in particular strengthening the Labor Inspectorate, to ensure fulfillment of the government's commitments under the Labor Chapter of CAFTA-DR and public policies of the Labor Ministry. According to the International Center for Investigations on Human Rights (CIIDH), the development of conflict resolution mechanisms is an important project component that addresses the Labor Inspectorate's inadequate management of conflicts. Cumple y Gana has provided training on mediation and conciliation to Labor Inspectorate staff, and has also donated office furniture and computer equipment for the Ministry of Labor's conciliation rooms. CIIDH noted, however, the difficulty of measuring the impact of this component since the qualitative results need to be measured in relation to the overall work of the Labor Ministry, which has been "the victim of systemic weakening" of its functions as well as its authority.

15. Comment: This initiative, part of Cumple y Gana's ongoing CAFTA-DR labor capacity building project, will expand Guatemala's existing conflict resolution system to the factory level, where most labor conflicts arise. In a country where labor inspections are inadequate and labor law compliance weak, this initiative will facilitate communication between workers and employers, as well as help

improve working conditions and respect for labor rights by seeking to resolve disputes before they escalate and require legal action.

Derham